

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
)	
Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	
)	GN Docket No. 09-51
A National Broadband Plan for Our Future)	
)	WC Docket No. 13-184
Modernizing the E-rate Program for)	
Schools and Libraries)	
)	

REPLY COMMENTS ON DRAFT ELIGIBLE SERVICES LIST¹

Commenters agree that the draft Eligible Services List (ESL) should be changed to better reflect the provisions and goals of the E-rate *Modernization Order*.² In particular, the Commission should: (i) modify the format of the ESL to make it easier for schools and service providers to use; (ii) make clear that certain services are eligible for funding and under what circumstances; (iii) address complicated and unnecessary cost allocation requirements; and (iv) clarify the treatment of wireless data plans.

DISCUSSION

I. The Format of the ESL Should Be Revised.

Several commenters express concern about the format of the draft ESL, particularly the elimination of the glossary, list of ineligible services, and special eligibility conditions that were

¹ In addition to Verizon Wireless, the Verizon companies participating in this filing are the regulated, wholly owned subsidiaries of Verizon Communications Inc. (collectively, “Verizon”).

² See *Modernizing the E-rate Program for Schools and Libraries*, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870 (2014) (“*Modernization Order*”).

contained in the prior ESL.³ Re-incorporating some of these elements into the ESL may be helpful for applicants. As one state agency commented, there was a benefit to summarizing guidance from the Commission and the Universal Service Administrative Company (USAC) “in one place” in the prior ESL, and “removal of much of the information the Commission proposes to eliminate will ... serve to make the process more complex and time consuming for all stakeholders, especially when such significant changes have been made to the program.”⁴

II. Including Certain, Additional Services in the ESL Is Warranted and Will Provide Clarity to Applicants.

Some commenters support the addition of certain, specific services to the ESL, indicating that their inclusion will add clarity for applicants – especially if applicants are “to assume that any service or component not listed in the ESL is ineligible for E-rate support.”⁵ Verizon agrees with other commenters that the following services are eligible for support and should be included in the ESL: Multi-Protocol Label Switching (MPLS)⁶; Integrated Services Digital Network (ISDN) Basic Rate Interface (BRI) and Primary Rate Interface (PRI);⁷ and Session Initiation Protocol (SIP) trunking.⁸

³ See, e.g., Comments of the Florida Department of Management Services Division of Telecommunications, at 1 (“Florida DMS Comments”); Comments of E-rate Management Professionals Association, at 2-3 (“E-mpa Comments”) (indicating that the details, clarifications, examples and glossary contained in the prior ESL are essential); Comments of the State E-Rate Coordinators’ Alliance, at 1-2 (“SECA Comments”) (noting that the Wireline Competition Bureau has gone “too far” in shortening and focusing the ESL).

⁴ Florida DMS Comments at 1.

⁵ *Wireline Competition Bureau Seeks Comment on Draft Eligible Services List for Schools and Libraries Universal Service Program*, Public Notice, 29 FCC Rcd 9474, at 3 (2014) (“Public Notice”).

⁶ See SECA Comments at 5.

⁷ See E-mpa Comments at 7.

⁸ *Id.*

In addition, as E-mpa notes, the ESL should make clear that Internet access is a supported service by listing it as a bulleted item with the other eligible services and not just as a heading.⁹ Similarly, the ESL specifically should include “hosted IP telephony” services, such as IP Centrex, to make clear that they are eligible for support.

III. Eligibility of Managed Wi-Fi Services Should Be Clarified.

One party’s comments reflect confusion regarding the interplay between the ESL and the rules governing managed Wi-Fi services. SECA suggests that:

Under the E-rate modernization Order, the eligibility of Wi-Fi system maintenance, managed Wi-Fi services, and caching are only explicitly authorized for FY 2015 and FY 2016. SECA believes that the ESL should specifically note this limitation so as to warn applicants considering multi-year contracts for such Category 2 services that discounts for such services will not be available beyond FY 2016 unless the Commission takes specific action to make them so.¹⁰

However, this reading of the *Modernization Order* appears to be incorrect. Paragraph 131 of the *Modernization Order* makes clear that managed Wi-Fi is eligible in 2017 and beyond for applicants that first receive support in funding years 2015 and 2016. Consequently, the Commission should reiterate that, for an “applicant considering multi-year contracts for [managed Wi-Fi] services,” managed Wi-Fi will be an eligible service throughout the five-year budget term.

Moreover, as Verizon discusses in its Petition for Reconsideration filed today and incorporated herein, the Commission should emphasize that it expects support will be available

⁹ See *id.* at 2.

¹⁰ SECA Comments at 3.

up to the applicant's unused budget amount for Category 2 services, including managed Wi-Fi, beyond funding years 2015 and 2016.¹¹

Furthermore, the Commission should make clear that the \$30 per student per year mentioned in paragraph 125 of the *Modernization Order* is intended as an example – and that there is no \$30 per student per year limit on managed Wi-Fi.¹²

Finally, as Sprint observes, the Commission should clarify the application process and classification for managed Wi-Fi services that combine both connectivity to the school and connectivity within the school.¹³ Some managed Wi-Fi services include both an internal connections component and Internet Access capability, so the Commission “should clarify that schools and libraries may submit a combined Form 471 for [such] services.”¹⁴

IV. The Commission Should Address the Cost Allocation Concerns Associated with the Modernization Order.

Several commenters express concern about cost allocation requirements associated with the *Modernization Order*'s new rules. For example, several commenters point out that the exclusion of a number of “telephone components” from the ESL could require substantial and burdensome cost allocations between eligible and ineligible components of services.¹⁵ Verizon agrees that cost allocation requirements resulting from the *Modernization Order* will impose

¹¹ See Verizon, Petition for Reconsideration and/or Clarification, *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, at 2-3 (filed Sept. 18, 2014) (“Petition for Reconsideration”).

¹² See *Modernization Order*, ¶ 125.

¹³ Comments of Sprint, at 2.

¹⁴ *Id.*

¹⁵ See, e.g., SECA Comments at 3; E-mpa Comments at 10-12; Ex Parte Letter from Rex Miller, Education Networks of America, to Marlene Dortch, FCC, *Eligible Services List for Schools and Libraries Universal Service Program*, WC Docket No. 13-184, CC Docket No. 02-6, GN Docket No. 09-51, at 1 (Aug. 28, 2014); Comments of Funds for Learning, at 2-6; Comments of E-rate Provider Services, at 3, 5.

significant burdens on applicants – as well as USAC reviewers – and that, in some instances, those burdens will outweigh any benefit to the program.

As noted in Verizon’s Petition for Reconsideration, the Commission can take certain steps to reduce that burden and alleviate these concerns.¹⁶ For example, the Commission can phase out support for voice mail and “telephone components” on the same schedule as voice services generally; provide additional guidance for the eligibility of circuits carrying both voice and data services; and simplify the calculation of discounts for bundled services.¹⁷ In addition, the Commission should grant CTIA’s pending Application for Review¹⁸ of the Wireline Competition Bureau’s May 23, 2014 *Order*¹⁹ that required cost allocation of free or discounted cell phones.²⁰

V. Further Clarification Is Needed Regarding the Treatment of Wireless Internet Access and Mobile Hotspot Service Plans.

The draft ESL states that “wireless Internet access and mobile hotspot service plans for portable devices are eligible if ... cost effective as required in FCC 14-99.”²¹ It is not clear what this means because, as Verizon explains in its Petition for Reconsideration, the discussion of wireless data plans in FCC 14-99 (the *Modernization Order*) is itself ambiguous.²²

¹⁶ See Verizon’s Petition for Reconsideration at 5-7.

¹⁷ *Id.* See also Comments of the North Carolina Department of Public Instruction, at 2 (advocating for phase-out of telephone components on the same schedule as the phase-out of support for voice services more generally).

¹⁸ See CTIA, Application for Review of or, in the Alternative, Request to Stay the Wireline Competition Bureau’s May 23, 2014 Order, *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, GN Docket No. 09-51 (July 14, 2014).

¹⁹ See *Schools and Libraries Universal Service Support Mechanism; A National Broadband Plan For Our Future*, Order, 29 FCC Rcd 5457 (2014) (“*Order*”).

²⁰ See Verizon’s Petition for Reconsideration at 5-7.

²¹ Public Notice, Attachment at 2.

²² See Verizon’s Petition for Reconsideration at 3-5.

As explained in Verizon’s Petition for Reconsideration, the Commission should clarify that the term “wireless local area network solution” in paragraph 153 of the *Modernization Order* includes not only the cost of a wireless local area network, but also the cost of connectivity *to* the school and the Internet access service. Likewise, the Commission should make clear that, while price is the primary factor in the cost-effectiveness test, entities may continue to consider “other relevant factors.”²³ And, finally, the Commission should explain how the cost-effectiveness test operates if an applicant cannot receive Category 2 support because of the limitations on the availability of that support. Because Category 2 support will not necessarily be available to every school in a given funding year, the Commission should clarify whether an applicant’s cost-effectiveness showing may take into account limitations on the availability of Category 2 support.

CONCLUSION

The draft ESL should be modified consistent with the foregoing.

Respectfully submitted,

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²³ *Modernization Order*, n.363.